

\$500G to Cut Tax Rate in City

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NEW BRUNSWICK — City property owners caught a bit of a break this week when the city received \$500,000 in extraordinary aid, funds that will exclusively go toward cutting the tax rate.

Along with nine others, the city's award was the highest among 80 municipalities receiving extraordinary aid. Despite that, property owners will still note a steep rise in their municipal-tax bills.

As mapped out, the city's \$68.56 million budget calls for a nearly 21-cent hike in the city-tax rate, bringing it to \$1.78 for \$100 of assessed valuation.

Accordingly, the owner of a home assessed at the city average of \$113,400 will be asked to pay \$2,019 in municipal taxes, about \$236 more than last year.

"There's no getting around the fact that we had to raise the tax dramatically this year," City Administrator Thomas A. Loughlin III, said Thursday. "No one is entirely pleased with that, but it does represent what had to be raised in extra taxes to cover all the operations."

The city's award, while substantially less than the \$1.5 million city officials requested, is also significantly more than last year's \$250,000, which cut the tax rate by two cents.

According to the Department of Community Affairs, which disburses the awards, municipalities "must demonstrate that significant measures are in place to reduce spending and improve governmental efficiencies."

The budget does away with 13 full-time and four part-time positions, including civilian posts in the Police Department and in the housing, economic development, engineering, youth services and water utility departments.

Most of those positions were left unfilled after retirements or resignations, Loughlin said, although three were laid off. All told, not filling those positions will save roughly \$500,000, he said.

"We are continuing to operate as we always have, and we are continuing to provide the service we have always provided out of those departments," Loughlin said.

The higher cost of health benefits, larger contributions to pension plans and emergency appropriations tabulated late last year all helped contribute to the increase in spending that is reflected in the higher tax rate, Loughlin said.

And "a fair amount" of Fire Department overtime that exceeded the 2006 budget was passed on to the 2007 spending bill.

Higher energy prices and a number of catastrophic illnesses that befell city employees, for which the city saw an increase in insurance-related costs, also boosted city spending, he said.

A \$2.5 million reduction in the city's ratables base also accounts for the rise in taxes, Loughlin said.

Property owners, who have already received their estimated tax bills for the third quarter, will see their fourth-quarter billings "true up" if the tax rate is lowered because of the extraordinary aid, Loughlin said.

Pending approvals from the state and Middlesex County Board of Taxation, the City Council will vote on the budget on Aug. 15.